Vancouver Park Board / Community Centre Associations - Joint Operating Agreement - CCA Feedback

July 12 – Budget & Financial[1]

VPB DRAFT 1 - Budget & Financial

Operating Budget

The CCA will, on an annual basis, develop all budgets required for delivery and administration of programs and services, and will share these budgets with the Park Board.

The parties will work together to develop an MOU setting out a process to review staffing levels at community centres, identify any inequities and options to address.

Comments Received
• Add staff support to create annual budget.
• Clarify what role of Recreation Supervisor will be in preparation of annual budget.
• Budget for maintenance prepared by the Park Board should be shared with the CCA.
• Add monthly or quarterly reporting and sharing of information for operating budget.
• Simple to follow common format for budgets.
• Requiring common format for CCA budgets would be too difficult.
• Share policies and information related to contractors and instructors.
• Bullet 2: clarify if referring to Group 1 or not. Suggestion to include this in HR section.
• [Hastings] Annual report and approval of budget for group one

Revenue

The CCA will receive all revenue from programs, rentals and special events in the jointly-operated facilities (the "facility-generated revenue") and any grant, donation, and membership fee revenue.

As a not-for-profit, the CCA acknowledges that its goal is not to generate large financial surpluses (i.e., for a building fund), but rather to reinvest any surplus funds into the provision of recreation programs, services, and supplies at the community centres.

- 1 Where CCA comments are identified, the comments were provided by way of the on-line survey

Facility-generated revenue will be used to directly benefit the public through the provision of programs and services.

All facility-generated revenue will be collected by the Park Board using a common recreation and registration management system (currently ActiveNet) which is owned and operated by the City of Vancouver and the Park Board.

The Park Board will remit all facility-generated revenue less authorized deductions (as defined below), to the CCA.

Comments Received
• Clarify if facility-generated revenue includes childcare or not.
• Clarify if rental revenue is included under facility-generated revenue.
• Clarify if facility-generated revenue includes revenue from offsite facilities.
• Ensure there is no conflict between bullet #1 and #3
• 2nd bullet from the bottom, add the following: “and is remitted in a timely fashion to the CCA”.
• Bullet #2: can “large surplus” be defined.
• Remove bullet #2.
• Remove bullet #3.
• [Mount Pleasant] Clarify if bullets #2 & #3 allow for spending on capital expenditures that are not building-related in order to enhance programming & services. e.g. provision of commercial-grade dishwasher for a food security program, or purchase of a van to transport children or seniors to & from programs, or to transport equipment for programs conducted in another venue such as a park.
• [Kerrisdale] 2nd bullet _ reinvesting into the facilities is an important part of our service: e.g. air conditioning, building upgrades that the PB is unable to fund. The clause and the following one are short-sighted , In the past 20 years there has not been a single renovation of a community centre facility that has not benefitted from the contribution from the Society and the communities have benefitted as the CCAs have a good idea of the extra amenities that would meet the community's needs. Further, PB has had a funding shortfall on every major re-build or renovation of a community centre that would have required cut-backs to the project had the CCA not been able to fund the original design.
• [Hastings] this portion should not be in a JOA as we are bound by our society mandates: As a not-for-profit, the CCA acknowledges that its goal is not to generate large financial surpluses (i.e., for a building fund), but rather to reinvest any surplus funds into the provision of recreation programs, services, and supplies at the community centres. Facility-generated revenue will be used to directly benefit the public through the provision of programs and services. Also, these sections will be negotiated in the Active Net agreement: All facility-generated revenue will be collected by the Park Board using a common recreation and registration management system (currently ActiveNet) which is owned and operated by the City of Vancouver and the Park Board. The Park Board will remit all facility-generated revenue less authorized deductions (as defined below), to the CCA.

Capital Budget

The Park Board will develop annual capital budgets, four year capital plans, and ten year capital outlooks specific to the community centre.

The Park Board and CCA will work together to forecast priorities for capital investment in the community center network, including community centre renewals and replacements.

The CCA will develop a plan for the use of any existing retained earnings.

The CCA may contribute any existing retained earnings to appropriate capital projects, on the understanding that buildings and fixtures will be owned by the City of Vancouver and Park Board, notwithstanding any contribution of funds by the CCA.

Comments Received
• Bullet #1: clarify when these budgets/plans will be communicated to the community centre.
• Bullet #1: should add consultation with CCA in a timely manner.
• Bullet #3: CCA does not have retained earnings, they have revenue (not the correct term). Need to add process for plan to spend this.
• Bullet #4: clarify that CCA investing in capital projects and has input. If CCA investing in major capital projects, must have influence and ability to direct in conjunction with the Park Board.
• Bullet #3: clarify what period the “retained earnings” is referring to.
• Bullet #3: this bullet doesn’t belong under “capital budget”, but under “operating budget” section.
• Bullet #3: CCA should have authority to use their retained earnings.
• Remove bullet #3 or clarify and move to under “general revenue” section.
• CCA needs assistance from City on what CCA should allocate retained earnings to. CCA needs to know timelines on capital projects/budgets in order to plan for spending of retained earnings.
• Bullet #1: add realistic budget for deferred maintenance (regular maintenance of building needed).
• Bullet #4: define “may” and provide more clarity.
• [Mount Pleasant] Clarify what happens if the Park Board capital budget allocates $X to a major capital project concerning a community centre (the centre itself or an adjacent pool or rink, for e.g.) and this budget proves inadequate to complete the project. Many times in the past, community centre associations have contributed to ameliorate the shortfall. If CCA's have disposed of current accumulated revenues, and no longer accumulate revenues in sizeable amounts, will the Park Board/City guarantee that capital budgets will be large enough and/or be prepared to add sufficient funding to complete the project as planned, rather than impose cutbacks in the scope of the project in order to meet the original budget?
• [Kerrisdale] last bullet. It is not appropriate for CCAs to contribute to capital projects without being given some say in the development. It does not benefit our communities to simply put money generated by the community on the stump and trust that the PB will respect the communities wishes. PB staff have repeatedly shown that their primary responsibility is to the PB and not to the community.

• [Hastings] we need definitive language for "collaboration" and "consultation" rather than terms like "work together" This section is not acceptable for a JOA, which is a service agreement, not a strategic plan: The CCA will develop a plan for the use of any existing retained earnings. We will not agree to this: The CCA may contribute any existing retained earnings to appropriate capital projects, on the understanding that buildings and fixtures will be owned by the City of Vancouver and Park Board, notwithstanding any contribution of funds by the CCA.
• [Strathcona] Clarification: What if a community centre does not have funds to contribute towards a capital project, would that put those with less funding / funds at lower priority?

Investment Fund

A city-wide Investment Fund will be created by the CCAs.

The CCA will contribute 5% of gross CCA facility-generated revenue, calculated on the previous year's audited financial statement, to the Investment Fund on an annual basis.

The CCA may request a full or partial exemption from contributing to the Investment Fund in a given year if the contribution causes financial hardship.

The Investment Fund will be allocated to support equitable access to services across the community centre network and to fund system-wide programs, and may be used for operations or capital projects.

Allocations from the Investment Fund will be approved by Park Board Commissioners on an annual basis.

Comments Received
• Bullet #1: clarify how Fund will be accounted for (who will be managing, what will risk profile be?)
• Bullet #2: clarify how this will work with zero-based budgeting.
• Clarify the purpose of Investment Fund and where it will be used.
• Reduce 5% or scale up to 5% so that cost is not passed on to consumer.
• Bullet #2: include bottom line Park Board contributions for each centre and share with CCAs.
• Investment Fund is not sustainable for CCAs. Needs to be completely rethought.
• 5% will cause losses for CCA. This is a way to obtain retained earnings.
• Bullets #1 and #5 are contradictory. Add involvement of CCA in allocation of the Fund.
• Must exclude some things from the 5% of facility-generated revenue, e.g., grants.
• 5% of gross revenue going to a party who hasn't raised the revenue is unfair. Will lead to less involvement and effectiveness. Consider unexpected impacts.

• CCA would have to raise cost of programming, remove subsidy for seniors and youth if, etc. 5% were implemented.
• Consider whether 5% should be of gross revenue.
• Clarify "operations or capital projects" in bullet #4.
• Bullet #3: clarify to whom CCA will request exemption. Suggest establishing a committee with CCA representation to operate Investment Fund.
• Instead of Investment Fund, CCA should pay increased share of operating costs. Add develop a mechanism by which funding can be more equitably distributed.
• Clarify that Investment Fund would exempt donations.
• Investment Fund appears to be a cash grab.
• Look at financial impact of the whole JOA.
• Park Board should share historical data on budgets (expenditures and revenue) across centres.
• To have the 5% Investment Fund must have at least 5% retained earnings. (Won't work with zero-based budgeting).
• Don't want to penalize centres which manage their funds well.
• 5% amount should be negotiable, not a set amount. May be too high.
• Investment Fund is a disincentive to create more revenue.
• Clarify if money collected can be distributed within the same year.
• Replace the Fund with a program which achieves a similar goal (but not this mechanism).
• Issue is with staffing levels, and other CCAs shouldn't have to pay for this.
• [West Point Grey] The City and the Park Board should also contribute to any Investment Fund that the CCAs are required to contribute to and the financial contributions of the City and Park Board to any Investment Fund ought to be double the rate of the CCAs' contributions - then the Investment Fund would constitute a genuine Investment Fund for the CCAs; A paradigm shift is required - the City and the Park Board should capitalize on the CCAs' voluntary community engagement by celebrating and supporting it as a necessity in our society, and encouraging it - not only by words on paper but also via financial investments and incentives via generous contributions to the Investment Fund; The City and the Park Board have been given a clear message from the citizens of this City that the CCAs are valuable - that needs to translate into fiscal priorities. The fiscal priorities of the City and the Park Board need to strengthen rather than weaken the CCAs; The timeline and method of contributions by all 3 entities - CCAs, City and Park Board should be agreed upon.
• [West Point Grey] In 2013, at the G-12 negotiations, the Park Board promised to set aside $1million every year to be allocated among the CCAs for improvement projects, etc. Have these funds (which should be in the amount at $3 million at present) been set aside for the benefit of the CCAs? How and when will these funds be distributed to the CCAs?
• [Dunbar] It is Dunbar's opinion this fund is unnecessary and if the PB believes it is - then PB must demonstrate the need for it as follows: 1) Indicate specifically where equitable access to services is currently not available. Quantify the cost of obtaining equitable access and indicate that the Associations related to that location are in agreement. 2) Demonstrate that the deficiency is not caused by underfunding by PB of its own obligations 3) PB needs to clearly state how much it would collect under this proposal based on the Association Fiscal Years Ended in 2015 4) An ongoing 5% levy will create losses

which will result in the reduction of Retained Earnings of Associations - in other words a " cash grab" by the back door
• [Mount Pleasant] CCA's should have input on allocation of Investment Fund. - Many CCA's currently contribute to staffing costs because of previous cutbacks or requests from the Park Board. This should be taken into consideration before transferring the 5% to the Investment Fund; i.e., the CCA subsidy to help pay for Park Board staff should not be included in the revenue figure which is used to calculate the 5%.
• [Kerrisdale] Our constitution does not allow our Society to contribute to the Park Board and neither does the CRA allow registered charities to contribute to other than philanthropic organizations sharing the aims of the registered charity. If the PB wishes to collect money from the CCAs, it should make it an operational expense: e.g., it could be a facilities usage fee or a rental charge or a tax. This would be more business-like and cause us no problems with granting agencies or CRA. It is not a "contribution" as it is not voluntary and calling it one is simply hypocritical. IF the PB is determined to tax the CCAs, a formula must be found that encourages the CCA to develop, expand, manage its affairs to best serve its community. The best formula would reflect the impact that PB operational decisions have on the CCAs' ability to offer programs and thereby generate revenue. Each CCA's first responsibility is to provide recreation programs and services for its community -- it is not to generate revenue for the Park Board. If the Park Board wishes to create a fund that is used for operational purposes, it's hard to see it as an investment fund. Setting this fund up so that expenditures are all made by elected commissioners with no input from the "contributors" simply underscores the fact that the CCAs are not contributing, they are being taxed.
• [Hastings] We will not agree to this at this time, and 5% is unacceptably high. We will not agree to anything that is beyond our ability to pay. Is Park Board asking us to raise fees for users in order to pay this levy? How does this square with PB's "equity and access" principles? We would like a clear statement from PB on this.
• [Strathcona] Recognize that the investment fund is a positive system wide initiative to help balance the contrasts in size and capability of centres to generate revenue. - Notation that fundraised dollars generate successful non-monetary outcomes of which should not be overlooked in the interpretation of "centres which manage their funds well".

Authorized Deductions

Authorized deductions will include:

- The credit and debit card transaction fee, which is currently 2.1%,and will be reviewed annually;
- Recovering revenue paid to the CCA in error due to processing or calculating errors which resulted in the CCA receiving revenue which it is not entitled pursuant to the JOA (with prior written notification);
- Payments that the CCA has committed to make to fund Park Board staff (e.g., Group 1);
- The CCA’s contribution to the Investment Fund;
- The ActiveNet subscription fee on facility-generated revenue. Currently, the subscription fee is fixed at 1% for the term of the agreement with Active Network Ltd (2014-2019); and
- Any other deductions from revenue agreed to by the CCA in writing.

All deductions will be processed on the same schedule as the payment schedule (currently bi-weekly).

Comments Received
• Clarify timing of deductions (include a schedule).
• Add a consultation process for bullet #1 (credit/debit card transaction fees).
• Bullet #3: Group 1 payments must be approved by the CCA Board.
• Remove “authorized deductions” except for ActiveNet subscription fee.
• CCA should be invoiced, rather than having authorized deductions (unless the CCA agrees in writing).
• Include mechanism to prevent increased costs to CCA for Group 1 due to union issues.
• Park Board should negotiate the 2.1%, as cost is high.
• Clarify if CCA paying subscription fee currently and share relevant reports.
• Clarify if Group 1 payments will be processed bi-weekly.
• Include a mechanism to share Group 1 hours before deduction is made.
• Include deduction reporting (either bi-weekly or monthly).
• [West Point Grey] The ActiveNet subscription fee to be negotiated as the CCAs should not bear the full 1% fee. The CCAs contribution should also be capped in terms of actual dollars of contributions.
• [Kerrisdale] bullets 3 and 4 are not acceptable. The PB can bill for these items providing full information on how the amount billed has been calculated. The PB has entered into a letter of intent regarding Active Net implementation that limits the authorized deductions to credit and debit card transaction feed, recovering payment errors and the ActiveNet subscription fee, and any other deduction specifically authorized in writing by a particular CCA.
• [Hastings] Again, most of this has been dealt with in the Active Net agreement. Further, we will not negotiate amounts until we have done a full accounting, in view of all the other costs and levies that PB is seeking in this new agreement.

Record Keeping and Reporting

The CCA will provide audited financial statements for each fiscal year within 90 days of the completion of the fiscal year. The CCA will post audited financial statements online. The statements will include reporting on any facility-generated retained earnings, including savings, expenditures, and transfers to foundations or other organizations.

The Park Board may audit the CCA’s books, financial records and accounts regarding operations at the community center, upon request and with reasonable notice.

Comments Received
• Replace “90 days” with “5 months”. 90 days is not enough.

• CCA only has "finalized" audited statements until 120 days (1 month after AGM).
• Remove bullet #2. No legal justification.
• Align bullet #1 with Society's Act (6 months).
• Park Board should pay for bookkeeper's time, if bookkeeper's time required (for bullet #2).
• Park Board doesn't have authority to audit CCA. No legal basis.
• CCAs need protection from Park Board auditing to harass CCA.
• CCA should be able to audit Park Board books.
• Bullet #2: add "upon a vote from the Park Board" – clarify when can audit, add conditions/process.
• Park Boar bear cost of posting financial statements online.
• Clarify where and how statements to be posted online.
• Clarify what is the consequence/implications.
• Use dispute resolution as trigger for audit.
• [Kerrisdale] The second bullet is unacceptable. Further, an audit would not provide the Park Board with the ability to encourage a CCA to change its ways.
• [Hastings] Hastings will not agree to these. We have to comply with the society act and CRA, and these should provide PB with enough assurance and access.

VPB DRAFT 1 – System-Wide Planning and Communication Mechanism

The system-wide planning and communication mechanism will include both Park Board and CCA representation to facilitate communication, joint planning and outcomes measurement.

The purpose of the mechanism would be to develop proposed Park Board policies, share research and demographic information, conduct capital planning, governance training, and any other topics that are of interest to the CCA or Park Board.

The Park Board proposes meeting twice a year.

Comments Received
• Bullet #1: too vague and unclear. Clarify if representation from all CCAs, or a few CCAs representing all CCAs. Should be all CCAs (1 representative from each CCA).
• It is good.
• Clarify if there would still be Park Board participation in other regular meetings.

• [Dunbar] This mechanism should also include a). a review of plans and schedules for maintenance and upgrades of PB facilities, b). joint marketing communication plans and objectives, c). staff training and skill upgrades
• [Kerrisdale] Are the decisions of this mechanism, however constituted, to be binding on each CCA? Will CCAs be able to propose topics for discussion?
• [Hastings] this is a good idea but does not belong in a service agreement.

VPB DRAFT 1 - Other

Co-Branded Messages

All communication materials relating to the community center, activities, and events offered through the community center will be co-branded to feature both the Park Board and CCA logos. Communication materials include programming brochures, website content, newsletters and all outreach mailings or publications.

Comments Received
• Make it a reciprocal statement (Park Board responsibility).
• Include training for Park Board staff to do websites and communication.
• Clarify CCA autonomy for own website, social media – how would co-branding work with this?
• Add that CCA will have same size logo as Park Board and in equal prominence.
• [West End] what about the COV logo, would this be included in communication materials?
• [Dunbar] Park Board issued communication materials must also be co-branded when referencing community centre special events, programs or activities (e.g. on Activenet, city website, etc.) Before honing in on co-branding, there is a need for joint planning of PB / CCA's marketing and communications objectives, and development of annual plans for co-marketing of programs and events. Use of social media needs to be added to the list of communication materials, and staff need training on how to use it. Co-branding on social media may not be practical or desirable.
• [Hastings] ok